

Message Text

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64

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 081828Z NOV 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8824

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EXDIS

E.O. 11652: N/A

TAGS: CFED EFIN BF

SUBJ: SEC INVESTIGATION OF ICD

REF: NASSAU 1585

1. EDWARD ST. GEORGE CALLED NOV. 3 TO ASK IF "EMBASSY HAD TOLD SEC THAT GCOB HAD APPROVED RELEASING PRICE-WATERHOUSE DOCUMENTS." ACCORDING TO ST. GEORGE, THIS ALLEGED STATEMENT WAS CAUSING CONTINUOUS PROBLEMS IN ONGOING NEGOTIATIONS WITH SEC. (FACT IS THAT SEVERAL WEEKS AGO, SEC HAD ASKED EMBASSY IF GCOB WOULD BE PREPARED TO MAKE WRITTEN STATEMENT THAT IT HAD NO OBJECTION TO RELEASE OF PRICE-WATERHOUSE DOCUMENTS DIRECTLY TO SEC. ECON OFFICER HAD REPLIED THAT ANY SUCH REQUEST MUST BE MADE THROUGH FORMAL DIPLOMATIC CHANNELS AND AS FAR AS EMBASSY WAS AWARE NO SUCH FORMAL REQUEST WAS FORTHCOMING.)

2. LAST EMBASSY DISCUSSION CONCERNING GCOB ATTITUDE TOWARD PRICE-WATERHOUSE DOCUMENTS WAS IN EARLY OCTOBER WHEN CENTRAL BANK GOVERNOR DONALDSON GAVE RELEVANT PRICE-WATERHOUSE DOCUMENTS TO EMBASSY ECON OFFICER PRIOR TO LEAVING COUNTRY FOR SEVERAL WEEKS. AT THAT TIME BOTH DONALDSON AND EMBASSY BELIEVED THAT THIS WOULD BE ACCEPTABLE TO SEC, AN ASSUMPTION WHICH LATER PROVED INCORRECT. EMBASSY HAS NOT DISCUSSED ISSUE WITH ANYONE IN GCOB SINCE SEC STATED THAT DOCUMENTS IN EMBASSY POSSESSION WERE NOT

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ACCEPTABLE AS DELIVERY MUST BE DIRECT FROM PRICE-WATERHOUSE

TO SEC.

3. ACCORDING TO ST. GEORGE, SEC IS NOW REQUESTING ACCESS TO ALL PRICE-WATERHOUSE DOCUMENTS SINCE 1969 AND NOT JUST DOCUMENTS RELEVANT TO THE THREE TRANSACTIONS WHICH BASIS FOR CONSENT DECREE.

4. EMBASSY APPROACHED NOVEMBER 5 BY LOCAL ATTORNEY RALPH SELIGMAN WHO STATED THAT HE WAS CONTACTED YESTERDAY EVENING BY ST. GEORGE WITH REQUEST THAT HIS FIRM REPRESENT IDC IN WHAT ST. GEORGE FELT WOULD BE UPCOMING SUIT INVOLVING SEC. ACCORDING TO SELIGMAN, ST. GEORGE HAD INDICATED THAT EMBASSY HAD BEEN WORKING FOR A "COMPROMISE SOLUTION" WHICH HAD BEEN UNATTAINABLE DUE TO "OVER-ZEALOUSNESS OF BRIGHT YOUNG MEN IN SEC." SELIGMAN SAID THAT AS EMBASSY KNEW HIS WAS NOT A FIRM THAT HANDLED CRIMINAL CASES NOR WAS HE A CRIMINAL LAWYER. HE WONDERED, THEREFORE, IF EMBASSY WOULD COMMENT ON MERITS OF CASE. EMBASSY'S OPINION OF MERITS WOULD ASSIST HIM IN DECIDING WHETHER HE SHOULD TAKE IT OR NOT. SELIGMAN WAS TOLD THAT WHILE EMBASSY WAS UNABLE TO COMMENT ON THE MERITS OF THE CASE IT DID TAKE EXCEPTION WITH STATEMENT THAT FAILURE TO REACH COMPROMISE COULD BE BLAMED SOLELY ON ATTITUDE OF SEC OFFICIALS. IT WAS ALSO POINTED OUT THAT SURELY, AS AN ATTORNEY, SELIGMAN MUST REALIZE THAT THERE IS GENERALLY MORE THAN ONE SIDE TO A DISPUTE. SELIGMAN ENDED CONVERSATION BY STATING THAT GIVEN HIS LONG ASSOCIATION WITH ST. GEORGE AND HIS CONFIDENCE IN HIS CHARACTER HE WOULD PROBABLY ACCEPT RETAINER WORKING WITH LOS ANGELES ATTORNEY CHESTER DAVIS.
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